



**CABINET FOR HEALTH AND FAMILY SERVICES**

ERNIE FLETCHER  
GOVERNOR

DEPARTMENT FOR MEDICAID SERVICES  
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JAMES W. HOLSINGER, JR., M.D.  
SECRETARY

August 25, 2004  
Physician Letter #A-349

Dear Provider:

This is to provide notice of recent policy revisions effective July 30, 2004 and implemented by the Kentucky Department for Medicaid Services, which will affect reimbursement for a number of services provided to Medicaid recipients by physicians. These changes are published in 907 KAR 3:010E and are available for review on the Medicaid website at <http://chs.ky.gov/dms/>. This action is being taken to bring Department policies into compliance with the terms of Kentucky's State Plan Amendment as approved by the Centers for Medicare and Medicaid Services.

Amendments to reimbursement policies include:

- An increase of the reimbursement amount for a service designated by an "unlisted code" to 65% from 45% of billed charges;
- Deletion of the add-on fee for a multiple birth delivery involving one or more infants delivered vaginally and one or more infants delivered by cesarean section;
- Reduction of the relative value unit conversion factor for non-delivery related anesthesia services from \$27.67 to \$27.02;
- Deletion of the add-on service fee of \$25.00 for administration of anesthesia to a recipient of extreme age (under one year or over seventy years of age);
- Reduction of the reimbursement amounts for an epidural associated with labor and delivery to \$315.00 for a delivery without complications and \$335.00 for a planned vaginal delivery culminating in a cesarean section;
- An increase in reimbursement for covered injectable drugs and supplies to AWP minus 10% from AWP minus 12%; and
- Extending the age cut-off for reimbursement of a vaccine administration fee to include Medicaid-eligible recipients up to the age of twenty-one (21).

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We appreciate your patience and continued participation with the Medicaid Program. If you have any questions regarding these changes or other issues regarding Program policy, please contact staff of the Division of Hospitals and Provider Operations at 502-564-3477.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Fendley", with a stylized flourish at the end.

Russ Fendley  
Commissioner

RF/clj